



Office of Economic & Revenue Forecasts

2025 Work Program

August 4, 2025

Office of Economic and Revenue Forecasts - Background

Office of Economic and Revenue Forecasts was established in 2021. It is structured similarly as King County's Office of Economic and Financial Analysis and Washington State's Economic and Revenue Forecast Council.

Purpose, per the authorizing legislation:

“The Office shall staff the Forecast Council, perform economic and revenue forecasts, conduct special studies at the request of the Forecast Council, and provide ad hoc analytical support on economic and revenue estimation for legislative and executive staff consistent with the work program. Such analyses shall be nonpartisan, and confidential to the extent allowed by law.”

Over the past three years, the staff of the Forecast Office has worked with Central Staff and CBO and successfully established new working relationships and protocols. Policies put in place ensure that the Forecast Office can provide truly independent revenue forecasting and monitoring and assist both legislative and executive branches with policy analyses.

Office of Economic and Revenue Forecasts - Background

Revenue sources within OERF's purview:

- Retail Sales Tax
- Business & Occupations Tax
- Payroll Expense Tax
- Real Estate Excise Tax
- Private Utility Taxes
- Admission Tax
- Business License Fees
- Assessed Value of real and personal property (as input to Property Tax forecast)
- Value of new construction (as input to Property Tax forecast)

Overview of the 2025 work program

Forecasts

- Regional economic forecasts: updated in January, March, July, and October.
- Revenue forecasts, based on regional economic forecasts: updated in April, August, and October.
- Forecasts presented to the Forecast Council on April 10, August 4, and October 20

Revenue monitoring and reports

- Ongoing monitoring of the state of the economy, revenue monitoring.
- Quarterly revenue reports comparing actual revenue received to revenue expected based on historical patterns. Power BI dashboard version of the revenue report was developed last year, it is available on our website, improving the ease of access to information about City's revenues for both staff and public.
- Update to the forecast accuracy assessment analysis conducted in 2022.

Overview of the 2025 work program

Refinements to the forecasting processes and forecasting models

- Payroll Expense Tax Forecasting
 - In 2023 the Forecast Office has entered into a data sharing agreement with the Washington State Employment Security Department
 - The agreement provides access to employment and payroll data from King County employers.
 - Starting in 2025 the data is used to inform the forecast of the payroll expense tax revenues, developing and testing a more sophisticated model to take full advantage of the data will require additional time.
- Ongoing work to improve the accuracy of other forecasting models.
 - Monitoring the accuracy of existing models.
 - Development and refinements of the existing models, both in terms of methodology and data inputs.
 - Notable additional information that's now included: U.S. forecast from Moody's Analytics, data on tourism from Oxford Economics/Tourism Economics, and consumer spending data from Earnest Analytics.

Overview of the 2025 work program

Policy analysis and supporting the work of other departments

- The Forecast Office conducts special analyses at the request of the Forecast Council and provides analytical support on economic and revenue estimation for legislative and executive staff. These analyses are nonpartisan, and confidential to the extent allowed by law. This work is done as needs arise throughout the year, but consideration has to be given to available staffing.
- The Forecast Office provides City Budget Office with updates for the economic situation section of the Proposed Budget and Adopted Budget books, as well as updates for the sections summarizing the outlook for revenues in purview of the Forecast Office.
- The office also supports City Finance in preparing the Limited Tax General Obligation Bond ratings presentations to Moody's, S&P Global Ratings, and Fitch Group